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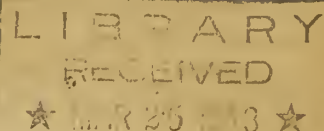
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UNITED STATES DEPARTMENT OF AGRICULTURE

Food Distribution Administration

WHOLESALE AND RETAIL DISTRIBUTORS' OBLIGATIONS
IN WARTIME



By Dan A. West, Chief, Wholesalers and Retailers
Branch--Address before Annual Meeting of the Food Distributors' Association of the Greater Philadelphia Marketing Area, Benjamin Franklin Hotel, Philadelphia, Pennsylvania, March 10, 1943.

The responsibility of speaking before a group such as this is not one which I have undertaken lightly. Even in so-called "normal" times a speaker taking a half-hour of the time of such a large group of executives should have something worth saying--or he should stay at home.

In these war-times, the necessity of making every minute count is increased immeasurably. You have little time away from the actual operation of your businesses. The fact that you have chosen to spend some of that time here tonight is an indication that you expect some benefit from such an expenditure.

To me, your presence here is proof that you want to hear some things which will help to further the war effort. You want an indication of the scope of your war-time obligations and the ways in which they may be met. You don't, I take it, want "small talk".

First of all, I should like to point out the obligation to take a very realistic approach to the entire food situation. The problems you have thus far encountered are by no means the last you must meet before this war is won. Actually, the readjustments in our civilian economy have been very minor. Stocks of goods which acted as shock absorbers in past months have been depleted. Increased food production in 1941 and 1942 gave us a record supply, and military and Lend-Lease operations were on a scale which did not eat into our food supplies to a great extent. In the months to come, we must expect a far tighter food situation than we have thus far experienced.

During the past few days I have had conferences with three representatives of the British Food Ministry. These conferences have strengthened my impression that we Americans have not yet realized what the realities of war are. While we worry about educating food distributors on point rationing, the British must find ways of setting merchants up in business after they have been bombed out. That is realism--the bitter realism engendered by total war.

Not only in food supply, but in manpower, transportation, and other phases of your operations is it necessary to take an objective, realistic point of view.

A part of this realism entails the recognition that no edict from Washington can bring a solution to all the problems which you face as a food distributor. It is true that the Federal agency which I represent is trying in every way possible to effect solutions to the major problems in food distribution. It is true that we can issue regulations to correct some of the problems and that we can suggest solutions for other cases. However, you as business men still have the responsibility to attempt to solve problems locally whenever that is possible. You have responded splendidly to our suggestion that State and Local Committees of food distributors be established to deal with local food shortages. Your excellent work in the Philadelphia area is heartening. We commend you upon the work

which your committees have done; we look to them and to others throughout the country for continued progress.

Through these committees you will be able to tackle some additional problems. Through individual study and experimentation you will be able to meet the trying days ahead.

As one example of the type of problem to which I think you and your committees should be giving serious, realistic study, let me cite manpower. We know that labor turnover in retail food stores was high last year, and that there was a net decline in the number of employees in food retailing. The drafting of teenage boys will cut further into your labor supply. What can be done to assure an adequate supply of labor for food distributors?

We in Washington can work with you and with the War Manpower Commission to secure deferment of essential workers - in the very narrow definition of that word essential. The best you can expect is the deferment of persons who by virtue of their training and experience are necessary as individuals to the conduct of your business. This will obviously not help you to retain clerks, drivers, cashiers, porters, warehousemen, etc.

Being realistic about the problem, then, isn't this the time for you to start training women for most of these positions? I know that many of you are already employing women, but what have you actually done about training them for jobs other than as checkers and telephone order-takers? Isn't this the time to say to yourself: "Most of the employees I have six months from now will be women. Training those women now will enable me to do a better job as a distributor of food".

Let us get back for a moment to the subject of realism in general. Too many people think that realism and pessimism are synonymous. They read a few stories about the closing of grocery stores and are ready to believe that the mortality rate in the food business is increasing tremendously. Actually, as I am sure you know, the net decline in the number of food stores during 1942 was slightly over 5 percent, which is below normal. The majority of independent grocery stores that closed were small stores with sales under \$10,000 annually. The mortality among such stores is always high - even in normal times. The thing really significant about the situation is that many of the stores which failed last year will not be replaced by others--which in turn would be likely to fail. They will not be replaced because the potential merchants can secure more lucrative pay in defense plants, and without the investment of capital. Maybe it is more desirable that some of these merchants secure a good living in industry than a hand-to-mouth existence as grocers..

Our major concern should be with the preservation of the opportunity for men to enter business. We must assume that some grocers are better off today in shipyards and in munitions factories. But what about the 'post-war' period? Will those men or others be able to enter the food business as small merchants? Or will the doors be closed and the markets divided among large businesses? That, it seems to me, is the real question in considering our situation realistically. We must in war time take no action which will prevent men from entering business in a small way after the war with the opportunity to move ahead. Most of the large businesses in this country grew out of a small investment by a small man. This

pattern of opportunity is the pattern we must preserve.

A second obligation of the war-time food distributor is that of maintaining and extending the service functions which have always characterized the industry. At the outset, let me make one thing clear: I am not talking about maintaining services which are in reality "frills". They are out for the duration - or should be. The kind of service I am emphasizing is that which grows out of a recognition that the food distributor is essentially a public servant -- a buying agent for his community. In the tremendous task of feeding our home-front army, you are in the vital position. Your war-time efforts must be geared to the community you serve.

It seems to me that each man in this room must ask himself some rather searching questions. His first query might well be: What practices am I continuing that add unnecessarily to the cost of distributing food? What practices can I discontinue with a resulting saving in manpower, critical materials, and in the cost of food to my customers?

Next, I think each food distributor should ask himself these questions: Have I made necessary changes in my operations in line with changes in the lives and habits of the people I serve? Is my store open during the hours when war workers can shop? Or am I contributing to absenteeism in war industry by failing to adapt my store hours to those of the shipyard worker? To what extent will I sacrifice my own convenience to do my part in curbing absenteeism? Do I have supplies of fresh fruits and vegetables and meats available only during the early hours of the day? Am I "spreading" my stocks so that Mrs. Shipyard-Worker has an equal chance with Mrs. Well-to-do? In my efforts to retain and protect old customers, have I been unfair to new war-workers in the community?

The list of such questions might be expanded almost indefinitely. I will not attempt to enumerate them all, but one more question is so important that it deserves special consideration. Here it is: What have I, as a food distributor, done to secure public acceptance of the government regulations on food..... price control, rationing, "freeze" orders?

Let me say right here that this educational function is one of the most important services you can render in wartime. The food wholesaler's business has been built on the premise that he performs a function for the retailer - a service he cannot do without. Today this service function is a specialized one, with heavy emphasis on explanation, interpretation, and education. The retailer's attitude toward the economic controls necessary in wartime is in large part a reflection of the wholesaler's attitude.

The consumer, in turn, looks to the retail grocer for information - and her attitude is largely built upon the attitude of her grocer. If her grocer emphasizes "red tape", or the "It's a lot of Washington foolishness" attitude, Mrs. Housewife can hardly be expected to contribute her full share of cooperation in the national food program.

Perhaps you do feel that most of the government regulation of prices and food supplies is unnecessary. Perhaps you are among those who accuse the government of accumulating unnecessary stockpiles - "excessive purchases contributing to food shortages", to quote recent press accounts.

That is such a serious accusation that I want to analyze it with you tonight. It is true that the government has bought large stocks of certain foods--notably canned salmon, butter, cheese, and canned fruits and vegetables. It is equally true that these were bought in order to insure an adequate supply for our Armed Forces and Lend-Lease. If these purchases had not been made, and if, for example, the Army had not been able to obtain enough canned salmon for our troops, there would have been a great hue and cry against "lack of foresight", "bungling", etc. As it is, the government had enough canned salmon for the Army's needs and was able to turn back to civilian use about 20% of last year's pack.

You will realize, I am sure the difficulty of forecasting exactly either the available supply or the needs for military and Lend-Lease. We cannot send troops overseas without adequate food.

There is another aspect to this matter of government purchases. There is a very real justification for government purchases during peak production periods, so that food will be available to civilians in low production months. This is nothing more than the extension of a normal marketing function.

In normal times there are always operators who buy and store materials and sell them during seasons when the supplies would otherwise be low. The enormous purchasing power of today, however, interferes with this normal marketing process. Let us take an illustration--butter. The customary practice is for quantities of butter to be stored for use during the fall and winter. This year, however, consumer demand arising out of increased consumer income is so great that without government purchases, the quantities left for storage would be extremely small. Any purchases by the government in this case would not reduce the supply available to civilians--but would stretch this supply to last over the low production season.

Let me say as simply and forcefully as I can that the government has no desire to deprive the people of this country of adequate food. After all, the government is the people. Our whole concern must be to see that the best possible use is made of our food resources in war time.

You may be unconcerned about government purchases but disturbed over the price control and rationing programs.

Perhaps you have never fully analyzed the alternatives. Let's look for a minute at a typical food store without price control and rationing. This store has more butter, more meat, more of everything than is true under our present government regulations. But why? Well, butter is selling for \$1.50 per pound, meat is \$1.00 per pound, canned goods are similarly priced. Obviously, the store has plenty of food to sell - but only the wealthy can buy. In this store, there is no shortage of food. Actually, however, from the standpoint of the Nation, there would be a very real and terrible shortage of food under such conditions. The shortage would be in the homes of the people who need food. Unfortunately, this kind of shortage is one with which thousands of American families were acquainted in the early 30's.

Almost everyone in this room has gone through the experience of having food in stock which was priced too high to be available to thousands of Americans. We can't let that happen in wartime, when the health and strength of our population must be maintained at the highest possible levels. It is my hope that it will not be permitted to happen again in peace time.

Without price control, there would be relatively little need for rationing. With butter at \$1.50 per pound, we would actually be rationing according to money - rather than according to need. The comparatively small number of buyers who could afford butter would have their "ration" - others would do without.

We have chosen a better way of distributing food supplies in wartime - a way calculated to secure a more equitable sharing among our millions of people. Let us realize that the "paper work", the "red tape", the minor inconveniences under such a system are insignificant in comparison with the gains the people of this country achieve under the system.

It seems to me that the food distributor is in an especially favorable position insofar as this job of public explanation and education is concerned. The housewife looks to her grocer for an honest, fair explanation of food regulations. The retailer needs help from his wholesaler in order that he may be fully informed about regulations under which he is to operate. Surely we can in wartime continue the tradition of assistance and education which has characterized the food industry in peacetime.

As a final obligation of food distributors in wartime, I should like to list this one: The obligation of looking ahead to the kind of postwar world we want and of aiding in the achievement of that kind of world. In making this statement, I realize that I may be opening the door to criticism by a few people who abhor the word "planning" and who believe that certain inevitable developments follow every war. However, business men are accustomed to planning: they plan today for the expansion of their businesses when materials and manpower are again available. They plan to add new lines to replace scarce items. In brief, in war or in peace the business man is a constant planner.

So I don't think you as business men are going to be content with a superficial examination of the point I have raised: What kind of a postwar world do we want, and how can we get it? I don't believe you will be content with the answer which some give: We want the pre-war world back again----we want things just as they were.

In my opinion, every intelligent business man expects change - he plans for it - he does not wait until competition or some other factor forces him to change. The outstanding business man is the one who foresees the direction of that change and conducts his business accordingly.

I believe that you, as food distributors, do not expect the world to stand still. If I interpret your reactions correctly, you want to preserve the best in the American tradition - the opportunity for a man to enter business for himself, the opportunity to "get ahead", the freedoms and the responsibilities which are our heritage.

There is universal agreement on what we are fighting against - but we must not lose sight of the things we are fighting for. In the routine of daily tasks, let us not forget the broad objective which makes any sacrifice worthwhile - the Freedoms for which this Nation and others of the United Nations stand.

